



**STATE OF ALABAMA**  
ALABAMA PUBLIC SERVICE COMMISSION  
P.O. BOX 304260  
MONTGOMERY, ALABAMA 36130-4260

**November 24, 2009**

LUCY BAXLEY, PRESIDENT  
JAN COOK, ASSOCIATE COMMISSIONER  
SUSAN D. PARKER, PhD, ASSOCIATE COMMISSIONER

WALTER L. THOMAS, JR.  
SECRETARY

**MEMORANDUM**

**TO:** Commissioner Lucy Baxley  
Commissioner Jan Cook  
Commissioner Susan D. Parker

**THRU:** Judy McLean, Director *JMC*  
Advisory Division

**FROM:** Aquilla Spivey, Manager *AS*  
Consumer Services

**SUBJECT:** Monthly Commission Meeting

The following items will be presented to the Commission during the regular monthly meeting to be held on Tuesday December 1, 2009:

Monthly Activity Report of complaints, inquiries, meetings and field investigations.

# Alabama Public Service Commission

Report Date: 11/24/2009

## Consumer Service Section

### Monthly Activity Report

Between 11/1/2009 And 11/30/2009

Utility Company Code	Needs Service	High Bills	Deposit	Service Problems	Payment Arrangement	Denied Toll	Slamming	Cramming	Billing Problems	Non-Pay Disconnect	900/Pay Per Call	No Jurisdiction	Other	Inquiries	Total
Alabama Power	1		1	1					9			2	1	42	57
Alagasco														2	2
Ardmore															
AT & T Southeast				27				1	7			3	1	11	50
Castleberry															
CenturyTel				2					3						5
Deltacom															
Farmers															
Floral															
Frontier				1											1
Graceba															
Gulf															
Hayneville															
Knology of Valley															
MCI								1							1
Millry															
Mobile Gas Service															
Mon-Cre															
Moundville															
National															
New Hope															
OTELCO															
Pine Belt															
Ragland															
Roanoke															
Sprint															
TDS Telecom				1											1
Union Springs															
Windstream															
Water Companies															
Local Resellers				2										1	3
Miscellaneous Inquiries															492
Misc Jurisdiction				1			2	12	7					3	25
900/Pay Per Call															
No Jurisdiction	1			3				1	6				1	3	15
Other															
Toll Resellers															
TOTALS	2		1	38			2	15	32			5	3	62	652

Field Investigations - 1

Meetings Held/Attended - 1



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**November 24, 2009**

**MEMORANDUM**

**TO: President Lucy Baxley  
Commissioner Jan Cook  
Commissioner Susan D. Parker**

**FROM: Janice M. Hamilton, Director  
Energy Division**

**SUBJECT: Agenda - December 1, 2009 Commission Meeting**

The Energy Division will present the following items at the December 1, 2009 Commission Meeting.

**NATURAL GAS**

**ALABAMA GAS CORPORATION**

**Docket 18046** Division Report on Rate RSE as of October 31, 2009  
and  
**18328**

**MOBILE GAS SERVICE CORPORATION**

**Docket 28101** Division Report on Rate RSE as of October 31, 2009

**Docket 28101** In Re: Approval of Revisions to the Tariff to Extend Rate RSE for Mobile  
Gas Service Corporation

**Recommendation:** Approval

**ELECTRICITY**

**ALABAMA POWER COMPANY**

**Docket** 18148; Division Report on Rate RSE and Rate ECR as of October 31, 2009  
18117  
and  
18416

**Docket** 18148 Modification of Rate ECR (Energy Cost Recovery) Factor

**Recommendation:** To modify the interim Energy Cost Recovery Factor to 27.31 mills per Kilowatt-hour for billing months of January 2010 through December 2011, with an additional reduction in the Energy Cost Recovery Factor of 3.28 mills per Kilowatt-hour for the billing months of January 2010 through December 2010

**SUMMARY OF OTHER ENERGY FILING (S)**

**ALABAMA POWER COMPANY**

**Docket** D-6520 Petition Seeking Approval of an Agreement Incorporating a Scheduled Energy Credit (SEC) Pilot into the Contract for Electric Power, effective as of August 9, 1993 under Informal Docket U-3470, with Linde, Inc. (formerly BOC Gases)

**Status:** Pursuant to Rate FCR, this Amendment becomes effective November 30, 2009

**Docket** D-6521 Petition Seeking Approval of Amendment No. 4 to the Contract for Electric Power, dated as of February 8, 1995 under Informal Docket U-3596, with Simcala, Incorporated

**Status:** Pursuant to Rate FCR, this Amendment becomes effective November 30, 2009

**Docket** D-6522 Petition Seeking Approval of a New Contract for Electric Service with Olin Corporation

**Status:** Pursuant to Rate FCR, this Amendment becomes effective November 30, 2009

**WATER**

**EAST LOWNDES WATER ASSOCIATION**

**Docket** U-4947 Petition Seeking Approval to Increase Rates to All of Its Type One Customers  
in Alabama, effective December 1, 2009

**Recommendation:** Approval

**WASTEWATER**

**BIO-FLOW, INC.**

**Docket** 31182 Petition to Amend Letter of Credit to Change Beneficiary from the Alabama  
Department of Public Health to the Alabama Public Service Commission

**Recommendation:** Approval

**UTILITY MANAGEMENT, LLC**

**Docket** 31187 Petition Seeking Approval of the First Modification to Certificate of Financial  
Viability No. 31187

**Recommendation:** Approval

**Docket** U-4931 Request to Withdraw Previously Filed Tariff until Management Entity Rules  
are Final

**Recommendation:** Approval



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November 20, 2009

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SUSAN D. PARKER, PhD, ASSOCIATE COMMISSIONER

WALTER L. THOMAS, JR.  
SECRETARY

**MEMORANDUM**

To: President Lucy Baxley  
Commissioner Jan Cook  
Commissioner Susan D. Parker

Through: Janice M. Hamilton, Director  
Energy Division

From: Robert E. Reed, Manager  
Natural Gas Section

Subject: Division Report on Rate RSE for Alabama Gas Corporation as of October 31, 2009

As part of the Division's monitoring function, the staff has developed the return on average common equity for Alabama Gas Corporation for the twelve months ending October 31, 2009.

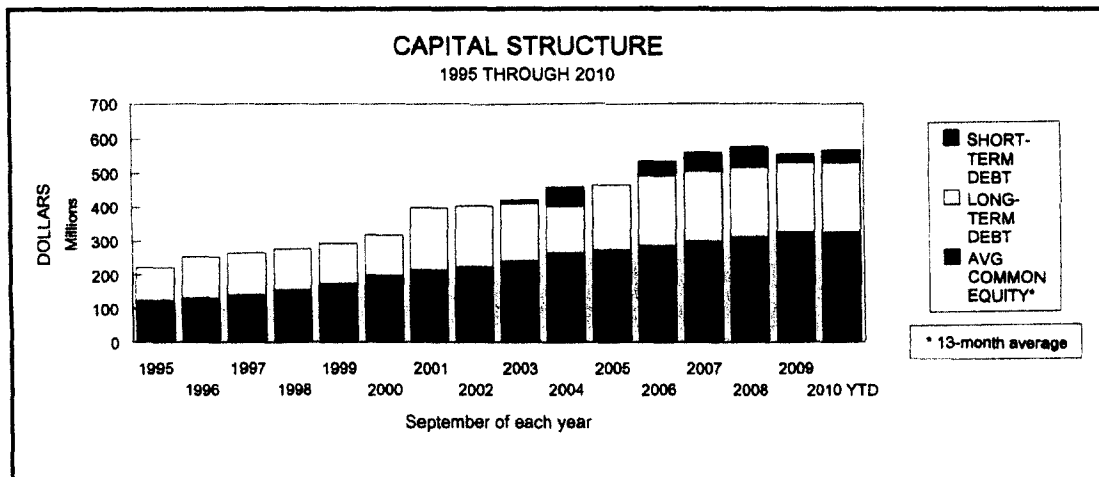
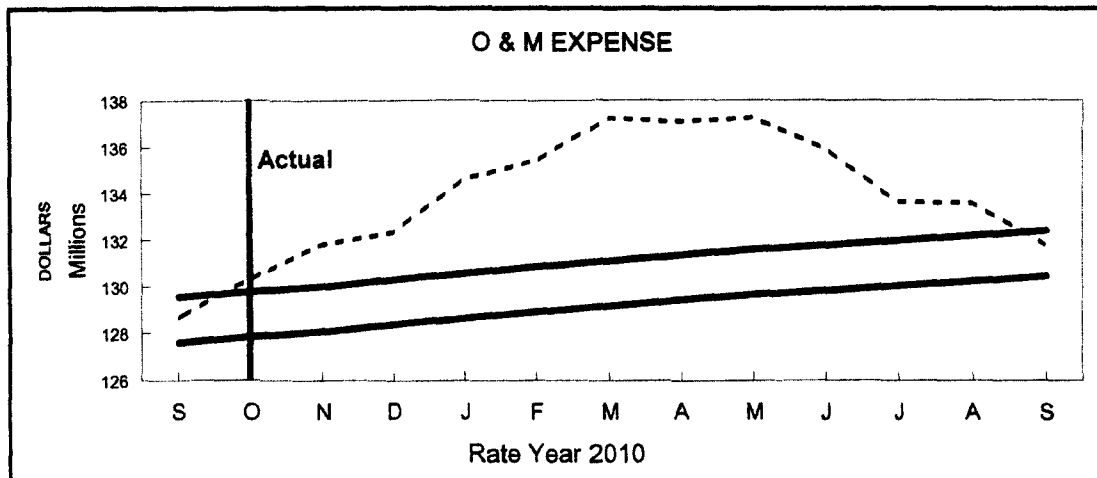
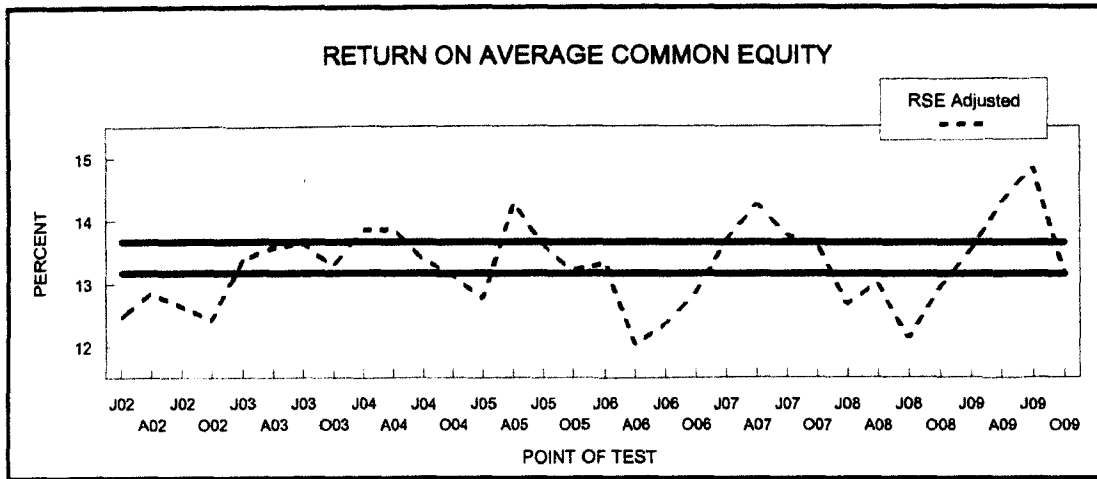
Based on preliminary figures, the return on average common equity for financial reporting purposes for the twelve months ending October 31, 2009, is 13.1 percent. When club dues, donations, and lobbying expenses are added, the RSE return is 13.2 percent.

Return on Equity at October 2009		
	Financial	RSE
Average Common Equity	\$323,609,721	<del>\$323,609,721</del>
Net Income	\$42,467,331	<del>\$42,467,331</del>
Net Expense Adjustment		<del>\$287,598</del>
RSE Net Income		<del>\$42,754,929</del>
RSE Return on Common Equity	13.12%	<del>13.21%</del>

Attachment:

# ALABAMA GAS CORPORATION

October 2009





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SECRETARY

**MEMORANDUM**

To: President Lucy Baxley  
Commissioner Jan Cook  
Commissioner Susan D. Parker

Through: Janice M. Hamilton, Director  
Energy Division

From: Robert E. Reed, Manager  
Natural Gas Section

Subject: Division Report on Rate RSE for Mobile Gas Service Corporation as of October 31, 2009

As part of the Division's monitoring function, the staff has developed the return on average common equity for Mobile Gas Service Corporation for the twelve months ending October 31, 2009.

Based on preliminary figures, the return on average common equity for financial reporting purposes for the twelve months ending October 31, 2009, is 13.0 percent. When club dues, donations, and lobbying expenses are added, the RSE return is 13.2 percent.

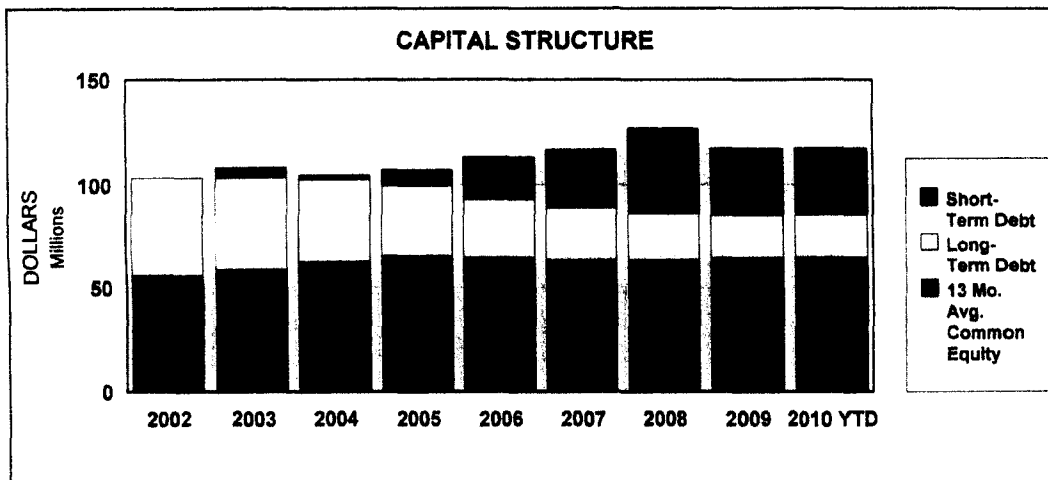
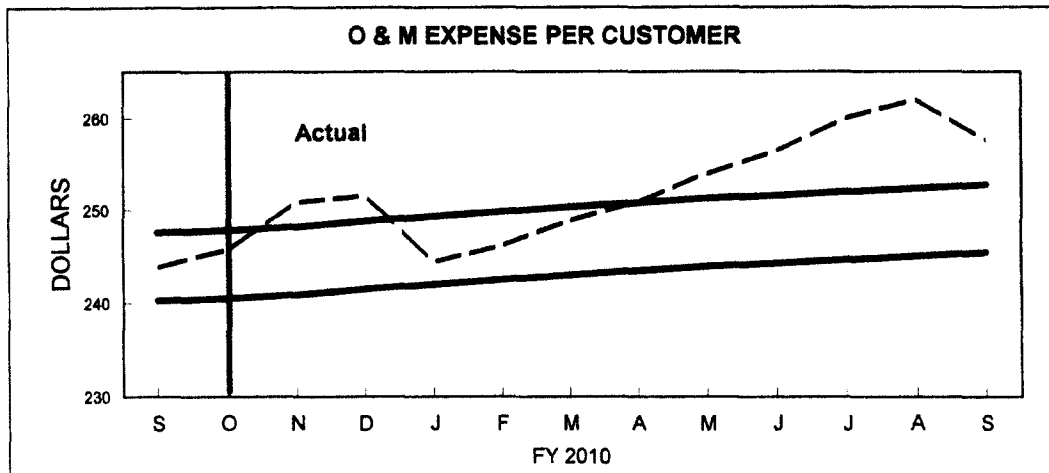
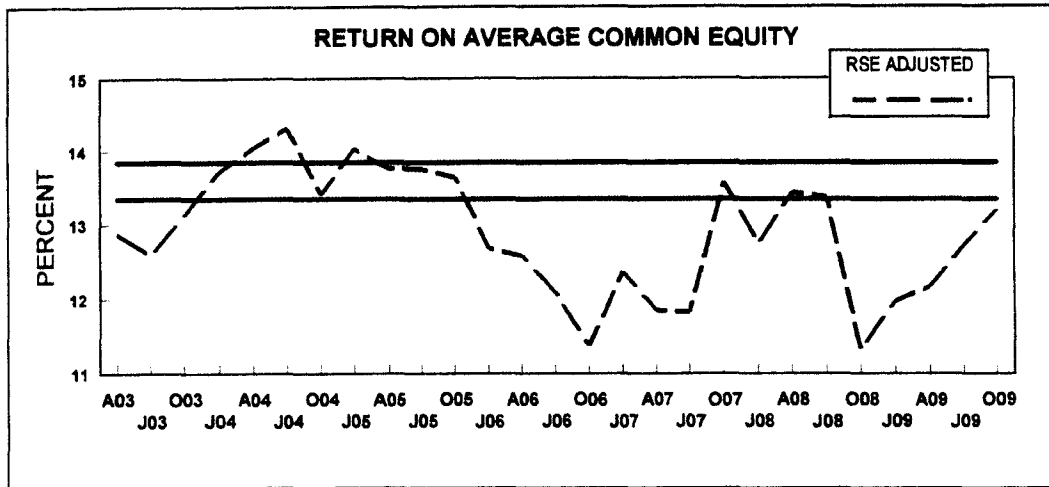
Return on Equity at October 2009		
	Financial	RSE
Average Common Equity	\$64,443,997	\$64,443,997
Net Income	\$8,361,983	\$8,361,983
Net Expense Adjustment		\$145,724
RSE Net Income		\$8,507,707
RSE Return on Common Equity	12.98%	13.20%

Attachment:



# MOBILE GAS SERVICE CORPORATION

October 2009





**STATE OF ALABAMA**  
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P.O. BOX 304260  
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November 19, 2009

LUCY BAXLEY, PRESIDENT  
JAN COOK, ASSOCIATE COMMISSIONER  
SUSAN D. PARKER, PHD, ASSOCIATE COMMISSIONER

WALTER L. THOMAS, JR.  
SECRETARY

**MEMORANDUM**

TO: President Lucy Baxley  
Commissioner Jan Cook  
Commissioner Susan D. Parker

THROUGH: Janice M. Hamilton, Director  
Energy Division

FROM: Bernard W. Givan, Manager  
Electricity Section

SUBJECT: Division Report on Rate RSE and Rate ECR for Alabama Power Company as of  
October 31, 2009

The Energy Division performed the regular monthly examination of the books and records of Alabama Power Company. The financial highlights are presented in the tables below:

<b>Rate RSE Forecast</b>
12 Months Ending DECEMBER 31, 2009
13.10%

<b>Rate ECR Summary</b>	
Recovery for OCTOBER 2009	Balance as of OCTOBER 31, 2009
\$61,913,104 Over-Recovered	\$116,684,595 Over-Recovered

The attached report, prepared for review by the Commission, presents the Energy Division's computations and determinations of the December 2009 Retail Return on Average Common Equity. In addition, the current and projected status pertaining to the accumulated Over and Under Recovery for Rate ECR is presented.

ENERGY DIVISION

**Alabama Power Company  
Forecast of Retail Return on Average Common Equity  
For the 12 Months Ending December 31, 2009**

Common Equity as of October 31, 2009		\$5,175,396,490
Add Budgeted Net Income:		
November through December 2009	\$36,293,000	
Add Budgeted Capital Contributions:		
November through December 2009	\$6,647,000	
Add Other Adjustments:		
November through December 2009	<u>\$211,000</u>	\$43,151,000
Deduct Budgeted Stock Dividends:		
November through December 2009	<u>\$0</u>	<u>\$0</u>
Projected Common Equity as of December 31, 2009		<u>\$5,218,547,490</u>
Projected Average Common Equity For the 12 Months Ending December 31, 2009		\$5,005,744,103
Projected Retail Investment Separation Factor		88.70%
Projected Average Retail Common Equity For the 12 Months Ending December 31, 2009		\$4,440,095,020
Projected Retail Net Income For the 12 Months Ending December 31, 2009		\$581,536,963
Projected Retail Return On Average Common Equity For the 12 Months Ending December 31, 2009		13.10%

The Common Equity as of October 31, 2009 (Actual) was adjusted using net income, payment of Common Stock and Preferred Stock dividends, Capital Contributions, and Other Adjustments from the Company's 2009 budget. The average common equity is a 12-month average using actual and budgeted data. The average retail common equity (RCE) was calculated using an estimated retail separation factor of 88.70%. The retail net income (RNI) for average common equity was calculated by using actual data for the ten months ended October 31, 2009, and then adding two months of budget data for November through December 2009. The Other Adjustments added to projected common equity is the result of the Company adopting FASB Statement 123 (R), which requires the reporting of stock option expenses.

The Forecast is subject to change due to uncertainties associated with weather, customer usage patterns, and economic conditions across the state.

ENERGY DIVISION

**Alabama Power Company  
Forecast of Energy Cost Recovery  
For the Period Ending December 31, 2009**

	Energy Cost (\$/MWH)		ECR Seasonal Factor (\$/MWH)	Over/(Under) Recovery	
	Month	12 Months Ended		Month (\$)	Cumulative (\$)
JAN 08 Act	28.46	27.63	29.472	(188,721)	(280,053,856)
FEB 08 Act	25.27	27.56	29.472	23,607,986	(256,445,869)
MAR 08 Act	20.74	27.41	29.472	34,208,587	(222,237,282)
APR 08 Act	22.45	27.02	29.472	29,229,360	(193,007,922)
MAY 08 Act	24.11	26.79	29.472	12,325,990	(180,681,932)
JUN 08 Act	36.34	27.59	33.418	(24,664,734)	(205,346,666)
JUL 08 Act	37.78	28.72	33.418	(33,878,517)	(239,225,183)
AUG 08 Act	37.80	28.92	33.418	(18,318,995)	(257,544,178)
SEP 08 Act	43.80	30.51	33.418	(43,112,535)	(300,656,713)
OCT 08 Act	37.79	31.10	37.866	(6,656,296)	(307,313,009)
NOV 08 Act	41.92	32.16	37.866	(21,274,681)	(328,587,690)
DEC 08 Act	33.40	32.80	37.866	22,954,887	(305,632,803)
JAN 09 Act	32.14	33.13	37.866	17,588,864	(288,043,939)
FEB 09 Act	29.23	33.48	37.866	46,249,431	(241,794,508)
MAR 09 Act	23.72	33.80	37.866	52,791,864	(189,002,644)
APR 09 Act	27.98	34.27	37.866	30,703,964	(158,298,681)
MAY 09 Act	25.20	34.42	37.866	36,175,778	(122,122,904)
JUN 09 Act	34.09	34.19	40.242	20,010,617	(102,112,288)
JUL 09 Act	29.26	33.32	40.242	50,306,061	(51,806,227)
AUG 09 Act	31.82	32.72	40.242	40,669,269	(11,136,958)
SEP 09 Act	26.39	31.10	40.242	65,908,449	54,771,491
OCT 09 Act	21.26	29.80	35.490	61,913,104	116,684,595
NOV 09 Bud	36.57	29.42	35.490	(5,934,080)	110,750,515
DEC 09 Bud	37.67	29.86	35.490	(15,705,490)	95,045,025

The estimates used in the above table are subject to change due to uncertainties associated with weather, customer usage patterns, and economic conditions across the state.



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SECRETARY

### MEMORANDUM

DATE: November 19, 2009

TO: Commission President Lucy Baxley  
Commissioner Jan Cook  
Commissioner Susan D. Parker  
Division Directors

FROM: Legal Division

SUBJECT: Agenda - December 1, 2009 Commission Meeting

The Legal Division will present the following at the December 1, 2009 Commission Meeting:

**DOCKET 30975** (M) - Petition of John Christopher Phillips, d/b/a Chris Phillips Trucking for cancellation of Motor Carrier Certificate F4126.

**Recommend:** Grant cancellation as requested.

**DOCKET 27553** (G) - Petition of Bellerud Communications, LLC for designation as an Eligible Telecommunications Carrier ("ETC") for purposes of providing Lifeline and Link-Up Service in the service territory of BellSouth Telecommunications, Inc., d/b/a AT&T Alabama.

**Recommend:** Approval

**DOCKET 29330** (G) - Petition of Affordable Phone Services, Inc. to expand its existing Certificate of Public Convenience and Necessity to authorize the provision of facilities-based local exchange service. The Company's existing certificate authorizes the provision of resold local exchange service in the State of Alabama.

**Recommend:** Grant

**DOCKET 28293** (G) - Petition of Big River Telephone Company, LLC to expand its existing Certificate of Public Convenience and Necessity to authorize the provision of switched access and operator services. The Company's existing certificate authorizes the provision of telephone toll resale service in the State of Alabama.

**Recommend:** Grant

**DOCKET 29180** (G) - Petition of Cincinnati Bell Any Distance, Inc. to expand its existing Certificate of Public Convenience and Necessity to authorize the provision of resold local exchange service. The Company's existing Certificate authorizes the provision of telephone toll resale service in the State of Alabama.

**Recommend:** Grant

**DOCKET 29620;** (G) - Petition of CIMCO Communications, Inc. ("CIMCO") and  
**26144** Comcast Phone of Alabama, LLC ("Comcast") for approval of the transfer of CIMCO's assets and customer accounts to Comcast.

**Recommend:** Approval

**DOCKET 25770** (G) - Petition of McLeodUSA Telecommunications Services, Inc. ("McLeod") for approval of the conversion of McLeod from a corporation to an LLC operating as McLeodUSA Telecommunications Services, LLC, d/b/a PAETEC Business Services.

**Recommend:** Approval

**DOCKET 26718** (G) - Petition of US LEC of Alabama, Inc. ("US LEC") for approval of the conversion from a corporation to an LLC operating as US LEC of Alabama, LLC, d/b/a PAETEC Business Services.

**Recommend:** Approval

**DOCKET 31164** (G) - Several of the existing Wastewater Management Entities who were issued Certificates of Public Convenience and Necessity in the August 31, 2009, Order entered in this cause have not made the compliance filings necessary to conduct operations under their Certificates as issued by the Commission.

**Recommend:** Issuance of Order(s) revoking the Certificates previously issued to the following Wastewater Management Entities. The Docket Numbers under which their Certificates were issued: Alabama Wastewater Systems, Inc./Docket 31181; Honeycomb Wastewater Management, LLC/Docket 31184; Integra Watersound, LLC/Docket 31185.



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### MEMORANDUM

DATE: November 24, 2009

TO: Commission President Lucy Baxley  
Commissioner Jan Cook  
Commissioner Susan D. Parker  
Division Directors

FROM: Legal Division

SUBJECT: Supplemental Agenda (1) - December 1, 2009 Commission Meeting

The Legal Division will present the following at the December 1, 2009 Commission Meeting:

**DOCKET 28160** (M) - Petition of J. Gaddy Trucking to suspend operations under Motor Carrier Certificate F2438 for a period of one-year.

**Recommend:** Grant one-year suspension



**DOCKET 31045** Docket 31045 (M) - Consideration of §§532 and 1307 of the Energy Independence and Security Act of 2007. Comments were received and reviewed by staff.

**Recommend:** That the Commission not adopt the standards set forth in §§ 532 and 1307. The staff has reviewed prior Commission action with regard to these proposed standards and the comments filed in this Docket, and has determined that with regard to the proposed standards concerning Integrated Resource Planning and Rate Design Modifications to Promote Energy Efficiency Investments, the Commission adoption of the RSE mechanism over 25 years ago achieves the general goals set forth in these standards. The staff has determined that with regard to the standards concerning Smart Grid Investments and Customer Access to Smart Grid Information it would be premature to adopt these standards at this time due to uncertainties and unresolved issues surrounding smart grid technologies. Because it was not clear in the original Order establishing this Docket and the Order requesting comments that the Commission was also considering the proposed standards in §532 for natural gas utilities it is further recommended that the Commission leave this Docket open for comments on the §532 natural gas standards for an additional 45 days.

**DOCKET 31092** (M) - APSC v. Benchmark Communications, LLC, d/b/a ComOne, et. al. Show cause proceeding against carriers that failed to file interconnection or resale agreements. Reliant Communications, Inc., d/b/a HJN Telecom, Inc. voluntarily relinquished its Certificate of Public Convenience and Necessity to provide Competitive Local Exchange Service pursuant to Order dated November 3, 2009 in Docket 26563.

**Recommend:** Dismissal from this proceeding.